VPM's
Dr. VN BRIMS, Thane
Programme: MMS (2016-18) (Finance)
Third Semester Examination October 2017

| Subject | Corporate Valuations \& M\&A |  |  |
| :--- | :--- | :--- | :--- |
| Roll No. |  | Marks | 30 Marks |
| Total No. of Questions | 5 | Duration | 2 Hours |
| Total No. of printed pages | 2 | Date | $\mathbf{2 5 . 1 0 . 2 0 1 7}$ |

Note: Q1 is compulsory and solve any TWO from the remaining FOUR questions.
ABC Ltd.
Financials for the year 2016-17

| Balance Sheet |  |
| :--- | :--- |
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| Capital (1,000 Shares witt <br> Rs.10) |  |
| Reserves |  |
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| Profit \& Loss |  |
| :--- | :--- |
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| Sales |  |
| Less: COGS |  |
| Gross Profit |  |
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| Cash Flow Statement |  |
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| Cash Flow from Operati |  |
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| Profit Before Tax/EBT |  |
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| No of Shares |  |
| :--- | :--- |
| Earnings PerShare |  |
| Market Capitalisation |  |
| Share Price at the vear |  |

Q1) Calculate the following for the company ABC Ltd for the year 2016-17.
(Please, write the formula as well)

1. Net Profit Margin
2. Total Asset Turnover Ratio
3. Financial Leverage/Equity Multiplier (For calculation of Dupont RoE)
4. RoE (Using Du Pont Formula)

## Attempt any TWO from the remaining FOUR Questions

Q2) Any two from (a) or (b) or (c) ——— (5×2) = 10 Marks
Calculate the following for the company ABC Ltd for the year 2016-17.
a) 1. Net Operating Profit after Tax (NOPAT)
2. RoCE
b) 1. Enterprise Value (EV)
2. EV/EBITDA
c) 1. P/E (Price to Earnings) Ratio
2. P/B (Price to Book Value) Ratio

Q3) Any two from (a) or (b) or (c) (5x2) = 10 Marks
Calculate the following for the company ABC Ltd for the year 2016-17.
a) 1. Market Value Added (MVA)
2. Enterprise Value Added (EVA) (Assuming WACC is 12\%)
b) 1. FCFF using CFO
2. FCFE using CFO
c) Calculate the required Return using CAPM Formula
if Risk Free Rate $(R f)=10 \%$, Beta $=1.5$, Expected Market Return $=15 \%$
Q4) Any two from (a) or (b) or (c) —_ (5x2) = 10 Marks
Calculate the following for the company ABC Ltd for the year 2016-17.
a) Prepare a Vertical Common Size Balance Sheet.
b) Prepare a Vertical Common Size Cash Flow statement
c) Prepare a vertical Common Size Profit and Loss account.

Q5) Any two from (a) or (b) or (c) ——_ (5x2) = 10 Marks
a) Calculate the following for the company ABC Ltd for the year 2016-17.
a. PEG Ratio (Assuming PE Ratio - 20, Expected Earnings Growth Rates 10\%)
b. Price to Sales Ratio
b) Calculate the following for the company ABC Ltd for the year 2016-17.
a. Dividend Yield
b. Earnings Yield
c) Select and write the right option from given MCQs in the answer sheet:
a. WhatsApp messaging app will get its 'Moat' or Competitive Advantage from
i. Network Effect
ii. Brand
iii. Distribution Network
b. Other things being equal, If RoCE > after tax cost of debt, adding leverage or debt will result in RoE,
i. Increasing
ii. Decreasing
iii. Can't say

